

TOWNSHIP OF WELLS  
REPORT ON FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
YEAR ENDED JUNE 30, 2005

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name WELLS TOWNSHIP	County DELTA
Audit Date JUNE 30, 2005	Opinion Date JULY 28, 2005	Date Accountant Report Submitted to State: JULY 28, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

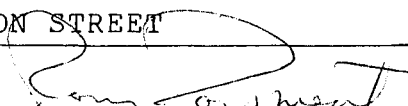
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU):			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 1217 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

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July 28, 2005

INDEPENDENT AUDITOR'S REPORT

Honorable Township Board  
Township of Wells  
Delta County, Michigan

I have audited the general purpose financial statements of the Township of Wells, Michigan as of June 30, 2005 and the related statements of cash receipts and expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, the Township of Wells prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Management has not presented government-wide statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The statements for the Township's governmental activities and business-type activities are not reasonably determinable.

In my opinion, except for the omission of government-wide statements, the accompanying financial statements present fairly in all material respect, the fund balances of the various funds of the Township of Wells at June 30, 2005, arising from cash transactions, and their cash receipts, and disbursements for

July 28, 2005

the year then ended, on a basis of accounting described in Note 2, in conformity with accounting principles generally accepted in the United States of America.

The financial statements referred to in the foregoing opinion are identified in the contents of this report. My examination was made primarily for the purpose of rendering an opinion on these basic financial statements taken as a whole. The supplementary financial data identified in the contents, although not considered necessary for a fair presentation of the financial position and results of operations, are presented primarily for supplemental analysis purposes. This additional information examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ray L. Payment  
Certified Public Accountant

TOWNSHIP OF WELLS  
COMBINED BALANCE SHEET - CASH BASIS  
ALL FUND AND ACCOUNT GROUPS  
JUNE 30, 2005

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	<u>Governmental Fund Type</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Special Assessment</u>
ASSETS:			
Cash (Note 1)	\$1 077 115	\$ 2 004	\$ 593
Fixed Assets -			
Land & land improvements	-	-	-
Buildings	-	-	-
Office equip. & fixtures	-	-	-
Equipment & signs	-	-	-
Recreation equipment	-	-	-
Ice arena & fixtures	-	-	-
Fire truck & equipment	-	-	-
Sheriff vehicle	-	-	-
Township vehicle	-	-	-
Assessor	-	-	-
TOTAL ASSETS & OTHER DEBITS	<u>\$1 077 115</u>	<u>\$ 2 004</u>	<u>\$ 593</u>
LIABILITIES:			
Due to governmental units & withheld taxes	\$ -	\$ -	\$ -
FUND EQUITY:			
Investments in general fixed assets	-	-	-
Fund balance - unrestricted	1 077 115	2 004	593
- restricted	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$1 077 115</u>	<u>\$ 2 004</u>	<u>\$ 593</u>

See accompanying notes to financial statements.

<u>Fiduciary Fund Types</u>	<u>Account Groups</u>
<u>Trust and Agency</u>	<u>General Fixed Assets</u>
\$ 5	\$ -
-	97 403
-	155 875
-	97 891
-	46 666
-	56 347
-	1 247 488
-	252 723
-	2 045
-	11 479
-	205
\$ 5	\$ 1 968 122
\$ 5	\$ -
-	1 968 122
-	-
-	-
\$ 5	\$ 1 968 122

TOWNSHIP OF WELLS  
COMBINED STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN CASH BALANCES - CASH BASIS  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
YEAR ENDED JUNE 30, 2005

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Special Assessment</u>
CASH RECEIPTS:			
State revenue sharing	\$ 342 028	\$ 2 051	\$ -
Tax collection fees	84 018	-	-
Rents	770	-	-
Interest earned on deposits	21 887	-	-
Special assessments	-	-	7 035
Miscellaneous receipts and reimbursements	542	-	-
TOTAL CASH RECEIPTS	<u>449 245</u>	<u>2 051</u>	<u>7 035</u>
CASH DISBURSEMENTS:			
Legislative:			
Township board	56 150	-	-
General Governments:			
Supervisor	32 295	-	-
Clerk	21 550	-	-
Treasurer	20 047	-	-
Summer tax collection	9 603	-	-
Assessor	77 960	-	-
Elections	5 888	-	-
Buildings and grounds	24 922	-	-
Board of Review	1 843	-	-
Attorney and legal	226	-	-
Personnel	61 993	-	-
Fire protection	58 424	-	-
Highways, street & street lights	92 638	-	7 335
Liquor inspection	-	2 051	-
TOTAL CASH DISBURSEMENTS	<u>463 539</u>	<u>-</u>	<u>7 335</u>
EXCESS OF CASH RECEIPTS (DISBURSEMENTS)	\$ ( 14 294)	\$ -	\$ ( 300)
FUND BALANCE, at beginning of period	<u>1 091 409</u>	<u>2 004</u>	<u>893</u>
FUND BALANCE, at end of period	<u>\$1 077 115</u>	<u>\$ 2 004</u>	<u>\$ 593</u>

See accompanying notes to financial statements.



TOWNSHIP OF WELLS  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - CASH BASIS  
- BUDGET AND ACTUAL -  
GENERAL AND SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2005

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES:			
State shared revenue	\$ 325 000	\$ 342 028	\$ 17 028
Collection fees	79 000	84 018	5 018
Rents	600	770	170
Interest	7 800	21 887	14 087
Other revenues	15	542	527
Licenses fees - Liquor	-	-	-
Total revenues	412 415	449 245	36 830
EXPENDITURES:			
Legislative board expenses	64 425	56 150	8 275
Supervisor	32 500	32 295	205
Elections	6 100	5 888	212
Clerk and deputy clerk	21 800	21 550	250
Board of Review	2 800	1 843	957
Treasurer and deputy treasurer	20 600	20 047	553
Personnel	65 900	61 993	3 907
Buildings and grounds	38 825	24 922	13 903
Fire protection	64 000	58 424	5 576
Highways and bridges	65 000	61 443	3 557
Street lights	31 500	31 195	305
Assessor	79 400	77 960	1 440
Liquor inspection	-	-	-
Summer tax collection	11 700	9 603	2 097
Attorney and legal	3 000	226	2 774
Total expenditures	507 550	463 539	44 011
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	( 95 135)	( 14 294)	80 841
FUND BALANCE, July 1, 2004	1 091 409	1 091 409	-
FUND BALANCE, June 30, 2005	\$ 996 274	\$1 077 115	\$ 80 841

See accompanying notes to financial statements.

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>1 700</u>	<u>2 051</u>	<u>351</u>
<u>1 700</u>	<u>2 051</u>	<u>351</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1 700	2 051	( 351)
-	-	-
-	-	-
<u>1 700</u>	<u>2 051</u>	<u>( 351)</u>
-	-	-
-	-	-
<u>2 004</u>	<u>2 004</u>	<u>-</u>
\$ 2 004	\$ 2 004	\$ -

TOWNSHIP OF WELLS  
NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2005

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NOTE 1 - REPORTING ENTITY

Wells Township is located in Delta County and provides services to its residents in many areas including community enrichment and development, and human services. In accordance with the provisions of NCGA Statement 3, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by the NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township. Educational services are provided through the Escanaba School System which is a separate governmental entity and, therefore, not presented in the financial statements included herein.

FUND ACCOUNTING

The financial activities of the Township are recorded in separate funds, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions except those provided for in another fund. The Fund includes the general operating expenditures of the Township. Revenues are primarily derived from property taxes, State grants and other intergovernmental revenues.

FIDUCIARY FUNDS

Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. The Agency Funds are the Current Tax Collection Fund and Trust and Agency Fund.

TOWNSHIP OF WELLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)

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SPECIAL REVENUE FUNDS

Liquor Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

SPECIAL ASSESSMENT FUND

This fund accounts for the financial and erection of street lights paid for by the special assessment levied against benefitted properties.

ACCOUNT GROUPS

General Fixed Assets Account Group

This account group presents the fixed assets of the Township. General fixed assets purchased are recorded as expenditures in their respective funds. Such assets are capitalized at cost in the general fixed asset group.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Wells Township do not conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

BASIS OF ACCOUNTING

Governmental Funds

The accounting policies of Wells Township do not conform to generally accepted accounting principles as applicable to governmental units in that the cash basis of accounting is utilized by the governmental fund rather than the modified accrual basis of accounting. Consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

TOWNSHIP OF WELLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)

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Fiduciary Funds

The Fiduciary Fund is maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

NOTE 3 - PROPERTY TAX LEVY

The Township levies taxes on a general township law basis. The taxes included in these financial statements are the 2004 levy and are billed on a once per year basis. See schedules on page 16 for levy breakdown and millage rates. All unpaid taxes become delinquent March 1, of the following year. The Township bills and collects its own property taxes. Township property tax revenues are recognized when collected on the cash basis. All real property taxes are turned over to the County when delinquent and personal property taxes are collected and distributed by the Township. The County used a revolving tax fund and reimburses the Township yearly for any delinquent real property taxes.

NOTE 4 - CASH AND INTEREST-BEARING DEPOSITS

Deposits are carried at cost. Deposits of the Township are in four banks in the name of Wells Township Treasurer. Michigan complied Laws, Section 124.91, authorizes the Township Treasurer to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreement; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rates by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority. The Township has adopted an investment policy in accordance with State regulations.

TOWNSHIP OF WELLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)

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Governmental Accounting Standards Board (GASB) Statement No. 3 Risk Disclosure for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured	\$ 300 000
Uninsured	<u>779 717</u>
TOTAL DEPOSITS	<u>\$ 1 079 717</u>

NOTE 5 - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - BUDGET AND ACTUAL - GENERAL FUND

The above supplemental statement is not required in these statements because the combined statement on page 6 is detailed to the required revenue and activity level as shown in the Uniform Accounting Procedures Manual for Local Units of Government in Michigan.

NOTE 6 - BUDGETS AND BUDGETARY ACCOUNTING

As set forth in the Township Charter, the Township adopts an annual budget for the General Fund and Liquor Fund. The annual budgets are prepared in accordance with the basis of accounting utilized by those funds (cash basis). The Township board is authorized to transfer budgeted amounts within and among departments. Subsequent to year-end, the board adopts an amended budget approving any transfers among departments or additional expenditures. The amended budgets are presented on page 7. All appropriations lapse at fiscal year-end.

NOTE 7 - CHANGES IN GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group of Accounts, rather than in governmental funds. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

A summary of changes in general fixed assets is presented on page 16.

TOWNSHIP OF WELLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005  
(Continued)

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NOTE 8 - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township purchases insurance coverage through a carrier. This plan purchases reinsurance for all risks. The Township's expense is to pay only the annual premium. In addition, the Township purchases worker's compensation insurance through the Michigan Municipal Workers Compensation Fund.

TOWNSHIP OF WELLS  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - CASH BASIS  
SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2005

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	Liquor Law Enforcement Fund
CASH RECEIPTS:	
Liquor license fees	\$ 2 051
TOTAL CASH RECEIPTS	<u>2 051</u>
CASH DISBURSEMENTS:	
Sheriff department	<u>2 051</u>
TOTAL CASH DISBURSEMENTS	<u>2 051</u>
EXCESS CASH RECEIPTS (DISBURSEMENTS)	-
FUND BALANCE, at beginning of period	<u>2 004</u>
FUND BALANCE, at end of period	<u>\$ 2 004</u>



TOWNSHIP OF WELLS  
STATEMENT OF CASH RECEIPTS  
DISBURSEMENTS AND CHANGES IN CASH BALANCES - CASH BASIS  
SPECIAL ASSESSMENT FUND  
YEAR ENDED JUNE 30, 2005

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CASH RECEIPTS:	
Special assessments - street lights	\$ 7 035
TOTAL CASH RECEIPTS	<u>7 035</u>
CASH DISBURSEMENTS:	
Street lights	<u>7 335</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	( 300)
FUND BALANCE, at beginning of period	<u>893</u>
FUND BALANCE, at end of period	<u>\$ 593</u>

TOWNSHIP OF WELLS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL FIDUCIARY FUND TYPES  
JUNE 30, 2005

<u>CURRENT TAX COLLECTION FUND</u>	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<u>ASSETS</u>				
Cash	\$ 5	\$ 7 385 020	\$ 7 385 020	\$ 5
TOTAL ASSETS	\$ 5	\$ 7 385 020	\$ 7 385 020	\$ 5
<u>LIABILITIES</u>				
Due to other taxing units:				
Bay de Noc College	\$ -	\$ 760 441	\$ 760 441	\$ -
Township of Wells	5	85 721	85 721	5
Delta County	-	1 422 571	1 422 571	-
Intermediate School District	-	519 654	519 654	-
Escanaba Area Schools	-	3 144 429	3 144 429	-
State of Michigan	-	1 452 204	1 452 204	-
TOTAL LIABILITIES	\$ 5	\$ 7 385 020	\$ 7 385 020	\$ 5

TOWNSHIP OF WELLS  
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
YEAR ENDED JUNE 30, 2005

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	Balance <u>July 1, 2004</u>	(Deletions) or <u>Additions</u>	Balance <u>June 30, 2005</u>
ASSETS:			
Land and land improvements	\$ 97 403	\$ -	\$ 97 403
Buildings	144 983	10 892	155 875
Office equipment & fixtures	95 293	2 598	97 891
Equipment and signs	46 666	-	46 666
Recreation equipment	56 272	75	56 347
Ice arena and fixtures	1 247 488	-	1 247 488
Fire truck & fire equipment	252 723	-	252 723
Sheriff vehicle	2 045	-	2 045
Township vehicles	11 479	-	11 479
Assessor	<u>205</u>	<u>-</u>	<u>205</u>
TOTAL ASSETS	<u>\$ 1 954 557</u>	<u>\$ 13 565</u>	<u>\$ 1 968 122</u>

See accompanying notes to financial statements.

TOWNSHIP OF WELLS  
ASSESSED VALUATION, TAX RATES AND TAX LEVIES SCHEDULE  
YEAR ENDED JUNE 30, 2005

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	<u>Bay de Noc Community College</u>	<u>Escanaba Area Schools</u>
Taxable valuation	\$ 220 856 222	\$ 220 856 222
Millage rate	3.5000	21.0800
Tax Levy	795 737	3 236 151
Less - returned delinquent	<u>35 296</u>	<u>91 722</u>
Current tax collection	<u>\$ 760 441</u>	<u>\$ 3 144 429</u>

See accompanying notes to financial statements.

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<u>Delta County</u>	<u>Intermediate Schools</u>	<u>State of Michigan</u>
\$ 220 856 222	\$ 220 856 222	\$ 220 856 222
6.5455	2.4191	6.0000
1 488 120	544 048	1 325 126
<u>66 005</u>	<u>24 394</u>	<u>31 605</u>
<u>\$ 1 422 115</u>	<u>\$ 519 654</u>	<u>\$ 1 293 521</u>

TOWNSHIP OF WELLS  
DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET - CASH BASIS  
GENERAL FUND  
YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
LEGISLATIVE BOARD:			
Salaries - elected	\$ 5 200	\$ 3 840	\$ 1 360
Maintenance - Custodial contract	7 100	7 075	25
Truck maintenance	3 000	2 290	710
Engineer consulting & professional services	8 800	8 481	319
Audit	1 700	1 700	-
Office supplies	8 500	8 191	309
Dues and miscellaneous	6 000	4 895	1 105
Capital expenditures	3 850	3 841	9
Printing and publishing	2 100	1 155	945
Insurance and bonds	13 375	10 158	3 217
Workmen's comp. insurance	1 300	1 230	70
Social security	500	294	206
Compost contribution	3 000	3 000	-
Total legislative board	<u>64 425</u>	<u>56 150</u>	<u>8 275</u>
TOWNSHIP SUPERVISOR:			
Salary	30 000	30 000	-
Social security	2 400	2 295	105
Transportation	50	-	50
Conferences	50	-	50
Total township supervisor	<u>32 500</u>	<u>32 295</u>	<u>205</u>
TOWNSHIP CLERK AND DEPUTY CLERK:			
Salary - elected	17 500	17 500	-
Salary - appointed	2 500	2 500	-
Social security	1 700	1 530	170
Transportation	50	20	30
Conferences	50	-	50
Total township clerk	<u>21 800</u>	<u>21 550</u>	<u>250</u>
TOWNSHIP TREASURER AND DEPUTY TREASURER:			
Salary - elected	15 500	15 500	-
Salary - appointed	3 000	3 000	-
Social security	1 500	1 415	85
Printing	400	132	268
Conferences and travel	200	-	200
Chargeback of taxes & notices	-	-	-
Total township treasurer	<u>20 600</u>	<u>20 047</u>	<u>553</u>

TOWNSHIP OF WELLS  
DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET - CASH BASIS  
GENERAL FUND  
YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>SUMMER TAX COLLECTION:</b>			
Salary - elected	\$ 6 500	\$ 6 500	\$ -
Salary - appointed	1 500	1 500	-
Social security	700	612	88
Printing and office	3 000	991	2 009
Total summer tax collection	<u>11 700</u>	<u>9 603</u>	<u>2 097</u>
<b>TOWNSHIP ASSESSOR:</b>			
Salary	60 500	60 500	-
Social security	4 700	4 628	72
Hospital insurance	9 500	9 478	22
Retirement	1 200	1 114	86
Dues and miscellaneous	1 500	1 376	124
Conferences and travel	2 000	864	1 136
Total township assessor	<u>79 400</u>	<u>77 960</u>	<u>1 440</u>
<b>FIRE PROTECTION:</b>			
Fire contract	52 500	52 500	-
Repairs	3 400	1 337	2 063
Insurance	2 600	-	2 600
Fire hydrants & miscellaneous	5 500	4 587	913
Capital outlay	-	-	-
Total fire protection	<u>64 000</u>	<u>58 424</u>	<u>5 576</u>
<b>TOWNSHIP HALLS AND GROUNDS:</b>			
Township hall - communications	2 000	1 845	155
- utilities/heat	7 600	5 054	2 546
- repairs	9 000	4 351	4 649
- equipment	11 000	10 967	33
Parks - transportation	-	-	-
- utilities/heat	1 200	769	431
- repairs	3 500	1 936	1 564
- equip. & improvements	4 525	-	4 525
Total township hall/grounds	<u>38 825</u>	<u>24 922</u>	<u>13 903</u>
<b>HIGHWAYS AND BRIDGES:</b>			
Contracted maintenance - Road			
Commission	64 500	60 976	3 524
Street signs	500	467	33
Total highways and bridges	<u>65 000</u>	<u>61 443</u>	<u>3 557</u>
<b>STREET LIGHTS</b>			
	<u>31 500</u>	<u>31 195</u>	<u>305</u>

TOWNSHIP OF WELLS  
DETAILED STATEMENT OF CASH DISBURSEMENTS AND BUDGET- CASH BASIS  
GENERAL FUND  
YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ELECTIONS:			
Salaries and expenses	\$ 6 100	\$ 5 888	\$ 212
Total elections	<u>6 100</u>	<u>5 888</u>	<u>212</u>
BOARD OF REVIEW:			
Wages	1 050	1 050	-
Social security	100	80	20
Conferences and travel	150	-	150
Publishing	1 500	713	787
Total board of review	<u>2 800</u>	<u>1 843</u>	<u>957</u>
ATTORNEY AND LEGAL:			
Legal fees	3 000	226	2 774
Total attorney and legal	<u>3 000</u>	<u>226</u>	<u>2 774</u>
PERSONNEL:			
Secretary - salary	16 000	15 120	880
- social security	1 300	1 157	143
- retirement	1 200	1 114	86
Grounds Superintendent			
- salary	31 500	31 500	-
- social security	2 500	2 410	90
- hospital insurance	9 500	9 478	22
- retirement	1 200	1 114	86
- conferences	-	-	-
- miscellaneous	100	100	-
Recreation Department			
Summer - part-time - salary	150	-	150
- social security	250	-	250
Winter - part-time - salary	2 000	-	2 000
- social security	200	-	200
Total personnel	<u>65 900</u>	<u>61 993</u>	<u>3 907</u>
TOTAL CASH DISBURSEMENTS	<u>\$ 507 550</u>	<u>\$ 463 539</u>	<u>\$ 44 011</u>



RAYMOND L. PAYMENT  
CERTIFIED PUBLIC ACCOUNTANT

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July 28, 2005

PROFESSIONAL BUILDING  
STEPHENSON, MICHIGAN 49887  
PHONE: 906-753-4700

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
"GOVERNMENT AUDITING STANDARDS"

Wells Township  
Wells Township Board  
Delta County, Michigan

I have audited the general purpose financial statements of Wells Township as of and for the year ended June 30, 2005, and have issued my report thereon dated July 28, 2005. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wells Township's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit I considered Wells Township's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

July 28, 2005

relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Ray L. Payment", with a stylized flourish at the end.

Ray L. Payment  
Certified Public Accountant